

**THE OFFICE OF REGULATORY STAFF**

**DIRECT TESTIMONY  
& EXHIBITS**

**OF**

**ANTHONY M. SANDONATO**

**APRIL 27, 2018**



**DOCKET NO. 2016-384-S**

Application of Moore Sewer, Incorporated for Adjustment of Rates  
and Charges and Modification to Certain Terms and Conditions  
for the Provision of Collection-Only Sewer Service

**DIRECT TESTIMONY AND EXHIBITS OF**

**ANTHONY M. SANDONATO**

**ON BEHALF OF**

**THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF**

**DOCKET NO. 2016-384-S**

**IN RE: APPLICATION OF MOORE SEWER, INCORPORATED FOR ADJUSTMENT  
OF RATES AND CHARGES AND MODIFICATION TO CERTAIN TERMS AND  
CONDITIONS FOR THE PROVISION OF COLLECTION-ONLY SEWER SERVICE**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

**A.** My name is Anthony M. Sandonato. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as a Regulatory Analyst in the Utility Rates and Services Division of the Office of Regulatory Staff ("ORS").

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

**A.** I received my Bachelor of Science in Nuclear Engineering from North Carolina State University in 2011. Prior to my employment with ORS, I was employed as an analyst with a global professional, technology, and marketing service firm working with large investor owned utilities on energy efficiency program design and implementation. I joined ORS in 2016.

**Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA ("COMMISSION")?**

**A.** No. I have not previously testified before the Commission.

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

**A.** The purpose of my testimony is to set forth the ORS staff's findings relative to our review of the application of Moore Sewer, Inc. ("Moore Sewer" or "Company") for Adjustment of Rates and Charges and Modification to Certain Terms and Conditions for the Provision of Collection-Only Sewer Service ("Application"). My testimony will specifically focus on the following.

- Compliance with the Commission rules and regulations;
- ORS's adjustments to the twelve (12) months ending December 31, 2016 ("Test Year") revenues and revenues at the Company's proposed rates;
- ORS's customer growth calculation;
- Request to change certain non-recurring charges and tariff language;
- Request to increase the Deposit and to waive part of 10 S.C. Code Ann. Regs. 103-531.1(A);
- Requested bad debt expense;
- ORS's review of work performed by outside vendors;
- Performance bond requirements;
- Compliance with the National Association of Regulatory Utility Commissioners ("NARUC") Uniform System of Accounts ("USOA");
- ORS's recommendations and adjustment to reflect the impact of the Tax Cuts and Jobs Act; and
- ORS's recommendations regarding rates.

**Q. ARE THE FINDINGS OF YOUR REVIEW CONTAINED IN THIS TESTIMONY AND ACCOMPANYING EXHIBITS?**

1     **A.**           Yes, this testimony and the attached exhibits detail ORS's findings and  
2           recommendations.

3     **Q.     PLEASE EXPLAIN HOW YOU COMPILED INFORMATION FOR YOUR**  
4     **TESTIMONY AND EXHIBITS.**

5     **A.**           I used ORS Business Office Compliance Review results, information provided by  
6           Moore Sewer in its Application and additional information provided by Moore Sewer  
7           during ORS's business review and facility site inspections. ORS also reviewed Moore  
8           Sewer's financial statements and performance bond documents submitted to the  
9           Commission.

10    **Q.     PLEASE PROVIDE AN OVERVIEW OF THE LOCATIONS, SERVICE TYPES**  
11    **AND CUSTOMER BASE SERVED BY MOORE SEWER.**

12    **A.**           Moore Sewer is a public utility providing wastewater collection services to  
13           residential customers in Spartanburg County, South Carolina. Moore Sewer's operations  
14           are classified by NARUC as a Class C wastewater utility according to wastewater revenues  
15           reported on its Application. As of the end of the Test Year, Moore Sewer was providing  
16           wastewater collection services to 469 residential connections. Wastewater treatment  
17           services are provided to Moore Sewer by Spartanburg Sanitary Sewer District ("SSSD").  
18           Moore Sewer serves two (2) subdivisions, Linville Hills and Madera Village, and each  
19           subdivision receives water service from Spartanburg Water System.

20    **Q.     PLEASE EXPLAIN EXHIBIT AMS-1.**

21    **A.**           Exhibit AMS-1 provides a summary of the Business Office Compliance Review  
22           completed by ORS and a summary of the sewer collection systems inspected by ORS on  
23           March 29, 2018. ORS found that Moore Sewer is in compliance with all Commission

requirements. ORS's Consumer Services Division reports no complaints from Moore Sewer customers for the most recent three (3) year period.

**Q. DOES ORS RECOMMEND ANY ADJUSTMENTS TO THE TEST YEAR REVENUES OF MOORE SEWER?**

**A.** Yes. ORS completed a comprehensive review of Moore Sewer's wastewater and miscellaneous revenue calculations for the Test Year. Based on that review, ORS made revenue adjustments totaling \$30,387. These adjustments are reflected on ORS witness Sullivan's Audit Exhibit DFS-2. The recommended revenue adjustments annualize Test Year billing units, include wastewater treatment costs, and additional miscellaneous revenue. ORS adjusted Test Year revenue based on customer billing information provided in the Application and supplemental customer billing data provided by Moore Sewer. ORS also adjusted Test Year revenue to include wastewater treatment costs and miscellaneous revenue collected during the Test Year based on additional revenue data provided by Moore Sewer.

**Q. PLEASE EXPLAIN EXHIBIT AMS-2.**

**A.** Exhibit AMS-2 summarizes Moore Sewer's service revenues for the Test Year. ORS used Moore Sewer's current rates as approved by Commission Order 2003-477 and the proposed rates as reflected in the Application. ORS calculated Test Year operating revenues for wastewater, as adjusted, of \$117,513. For comparison purposes, ORS calculated Moore Sewer's proposed revenue of \$253,260 and did not factor customer growth into the revenue comparisons.

ORS calculated Test Year miscellaneous revenues, as adjusted, of \$28,132. For comparison purposes, ORS calculated Moore Sewer's miscellaneous revenues at the

proposed rates of \$29,061 which included the increase to New Customer Set Up fee, Late fees and the creation of a New Customer Connection fee.

**Q. PLEASE EXPLAIN ORS EXHIBIT AMS-3.**

Exhibit AMS-3 provides a detailed breakdown of the ORS calculation for Test Year miscellaneous revenues.

**Q. PLEASE EXPLAIN THE ORS CUSTOMER GROWTH CALCULATION.**

A. Exhibit AMS-4 shows the customer growth is approximately 2.1818% for Linville Hills, 0.5348% for Madera Village, and 1.5152% for Moore Sewer as a whole.

**Q. PLEASE EXPLAIN ORS'S POSITION ON THE COMPANY'S PROPOSED CHANGES TO NON-RECURRING CHARGES.**

A. Moore Sewer is requesting the following changes and additions to the Company's non-recurring charges:

- Increase the New Customer Set-Up Fee from \$10 to \$20;
- Establish a New Customer Connection Fee;
- Establish a Damage/Tampering Charge; and
- Establish a Tap Fee.

ORS has reviewed the Company's proposed changes as well as the calculations and cost justification, and does not object to the Company's proposed changes to the non-recurring charges listed above. The Company included these items in the proposed tariff.

**Q. PLEASE EXPLAIN THE COMPANY'S REQUEST TO WAIVE CERTAIN PORTIONS OF 10 S.C. CODE ANN. REGS. 103-531.1(A).**

1     **A.**             The Company requests in its Application to increase the Customer Deposit to \$250  
2             for new customers. This request is accompanied by a request to waive 10 S.C. Code Ann.  
3             Regs. 103-531.1(A) which sets the maximum amount for a Customer Deposit.

4                     103-531.1. Amount of Deposit.

5                     A. A maximum deposit may be required up to an amount  
6             equal to an estimated two (2) months (60 days) bill for a new customer or a  
7             maximum deposit may be required up to an amount equal to the total actual  
8             bills of the highest two (2) consecutive months based on the experience of  
9             the preceding twelve (12) months or portion of the year, if on a seasonal  
10            basis.  
11

12            The Company has requested to charge new customers a Deposit in the amount of  
13            \$250 which the Company states is equal to approximately three (3) months of sewer  
14            service.

15     **Q.     PLEASE EXPLAIN ORS'S POSITION RELATED TO THE COMPANY'S**  
16             **REQUEST TO WAIVE CERTAIN PORTIONS OF 10 S.C. CODE ANN. REGS. 103-**  
17             **531.1(A).**

18     **A.**             ORS does not object to the Company's request for a waiver; however, ORS  
19             recommends the Deposit amount be sufficient to secure a new customer's account for the  
20             three (3) month period. ORS analyzed the impact of customer non-payment for three (3)  
21             months at the Company's proposed monthly rate of \$45, the \$18 Notification of  
22             Disconnection Fee and accrued late fees to estimate the maximum Deposit amount. Exhibit  
23             AMS-5 demonstrates the methodology to calculate the Deposit amount sufficient to secure  
24             a new customer's account for the three (3) month period. ORS did not include the SSSD  
25             treatment charge, New Customer Connection Fee and New Customer Set-Up Fee in its  
26             calculation. Should the Commission approve a monthly rate less than the Company's

proposed \$45, the maximum amount of the Deposit should be adjusted to be sufficient to secure a customer's account for a three (3) month period.

In addition, ORS recommends new customers be allowed to pay the Deposit in installment payments over a period of time not to exceed three (3) months. Large deposits can be an obstacle for utility customers with credit challenges.

**Q. DOES ORS HAVE ADDITIONAL RECOMMENDATIONS RELATED TO THE COMPANY'S REQUEST TO CHANGE NON-RECURRING CHARGES?**

**A.** Yes. ORS recommends the Company file updated terms, conditions and/or service regulations with the Commission which detail the Company's processes related to non-recurring charges. Utility customers should be provided advanced notice of how and when the Company will apply non-recurring charges. Moore Sewer made ORS aware that the Company plans to:

- Allow new customers to pay the Deposit in installments; however, requiring an initial Deposit payment of \$100;
- Waive the Deposit if the customer is the owner of the property; and
- Waive the New Customer Connection Fee if the customer is the owner of the property.

However, Moore Sewer did not include this language in its tariff. 10 S.C. Code Ann. Regs. 103-503 requires Moore Sewer to file this information with the Commission.

**Q. PLEASE EXPLAIN THE BAD DEBT EXPENSE AS CALCULATED BY ORS.**

**A.** Moore Sewer proposed a bad debt expense of \$6,021 on Exhibit B of the Application. The bad debt expense equals 5.2%. ORS was unable to verify Moore Sewer's bad debt expense contained in the Application with the information provided in the



Company's General Ledger. ORS recommends the bad debt expense be adjusted to \$2,181 which reflects 1.5% and a reasonable amount of bad debt expense for a wastewater utility.

**Q. PLEASE EXPLAIN THE RELATIONSHIP BETWEEN MOORE SEWER AND ITS VENDOR, OPERATION DRAINS OF THE UPSTATE ("ODU").**

**A.** Moore Sewer utilizes ODU for all service repairs. ODU is owned by a relative of Mr. and Mrs. Teichman. As part of Docket No. 2003-41-S, the Commission Staff reviewed the work performed by Operation Drains, Inc. ("ODI") as ODI was also owned by Mr. and Mrs. Teichman and the transactions were not arm's length. While ODU is a different entity and not under common ownership with Moore Sewer, ORS verified the work performed by ODU and billed to Moore Sewer is reasonable. Moore Sewer provided quotes from other vendors that provide similar services performed by ODU. Based on the additional quotes and ORS's review of comparable work performed by other utilities, ORS agrees the costs invoiced by ODU were reasonable.

**Q. PLEASE EXPLAIN THE STATUS OF THE PERFORMANCE BOND FOR MOORE SEWER.**

**A.** Moore Sewer has a current performance bond for utility operations on file with the Commission in the amount of \$100,000. The surety on the performance bond is Janet A. Teichman and her Personal Financial Statement in accordance with 10 S.C. Code Ann. Regs. 103-512.3.2 and 103-512.3.3 is on file with the Commission. Based on the expenses from the test year and using the criteria set forth in 10 S.C. Code Ann. Regs. 103-512.3.1, ORS recommends that the face amount of Moore Sewer's bond be increased to \$135,000 for wastewater operations as seen in Exhibit AMS-6.

**Q. IS THE COMPANY IN COMPLIANCE WITH THE NARUC UNIFORM SYSTEM OF ACCOUNTS?**

**A.** No. ORS identified issues with the Company's books and records. Specifically, the Company has not recorded Accumulated Deferred Income Taxes ("ADIT") on the balance sheet contained in the Application. 26 U.S. Code § 168 (i)(9)(a)(ii) requires the Company to recognize ADIT:

(ii) if the amount allowable as a deduction under this section with respect to such property (respecting all elections made by the taxpayer under this section) differs from the amount that would be allowable as a deduction under section 167 using the method (including the period, first and last year convention, and salvage value) used to compute regulated tax expense under clause (i), the taxpayer must make adjustments to a reserve to reflect the deferral of taxes resulting from such difference.

Based on ORS's review of the Company's balance sheet and tax return filings, ORS concluded the Company should have recorded a reserve to reflect the deferral of taxes. A recording of ADIT is generated by the timing difference used in rate making proceedings and actual taxes paid, namely accelerated depreciation, amortization, and other tax deferrals. By not recording ADIT, the Company is not in compliance with the NARUC USOA and 26 U.S. Code § 168 (i)(9).

**Q. DOES ORS RECOMMEND ANY ADJUSTMENTS TO REFLECT THE IMPACTS OF THE TAX CUTS AND JOBS ACT?**

**A.** Yes. ORS recommends the following adjustments to incorporate the impacts of the Tax Cuts and Jobs Act:

- 1) Contribution In Aid of Construction ("CIAC") Tax Multiplier: The change in tax law requires any CIAC (including tap fees) to be taxed at the applicable federal and state rates. The addition of language to allow a tax multiplier would result in an

1 applicable increase on any CIAC received from new customers or developers. The  
2 tax multiplier will allow the Company to continue to book the full amount of the  
3 CIAC as allowed by its proposed tariff, and directly pay for any tax costs. It is  
4 ORS's position this additional tax burden should be borne by the customer  
5 responsible for those costs, not the entire customer base.

6 ORS recommends the Company add tariff language to allow for a tax  
7 multiplier associated with tap fees and other CIAC. The proposed modification (a)  
8 does not change a rate applicable to any current customer, and (b) would not  
9 generate operating revenue for the Company but only passes through to future  
10 customers, developers, or other increases in expenses directly attributable to the  
11 extension of service to such future customers, developers, or others.

12 2) Revenue Attributed to Tax Change: ORS calculated an estimate of the revenue  
13 amount which should have been billed to Moore Sewer customers due to the change  
14 in federal income tax rate from the previously approved rates to 21%. ORS's  
15 calculation accumulates in a deferred account the portion of the Company's revenue  
16 representing the difference between the cost of service approved by the  
17 Commission in the Company's most recent rate case (Docket No. 2003-41-S) and  
18 the cost of service that would have resulted had the provision for federal income  
19 taxes been based on 21% rather than 15% that was used in the Company's last rate  
20 proceeding (Docket No. 2003-41-S Order 2003-447; p. 12, paragraph 3). ORS's  
21 calculation utilizes the period from January 1, 2018, through the effective date of  
22 new rates based on S.C. Code Ann. Laws § 58-5-240(C) which is June 20, 2018.

Exhibit AMS-7 demonstrates ORS's calculation of \$1,295 additional revenue the Company should be allowed to collect attributed to the federal income tax change generated through the expected date of the Commission Order. ORS recommends this amount be placed into a regulatory asset and amortized over five (5) years to coincide with the timing related to the proposed amortization schedules for rate case expenses. This amortization of \$259 is reflected as an adjustment to the Company's operating revenue and is included in Audit Exhibit DFS-2. Due to the estimates and timing of the Commission order in this Docket and Docket No. 2017-381-A, true-up adjustments may be necessary in the Company's next general rate proceeding to account for exact impacts.

3) ADIT: ORS recommends the Company establishes ADIT and revalue the ADIT to account for the new 21% federal income tax rate.

**Q. PLEASE DESCRIBE MOORE SEWER'S CURRENT OPERATING EXPERIENCE WITH ADJUSTMENTS AS PROPOSED BY ORS.**

**A.** As reflected on Audit Exhibit DFS-1, with ORS's adjustments, Moore Sewer is earning an operating margin of 0.15%. If the Company's proposed rates were implemented, with ORS's recommended adjustments to revenue and expenses, the operating margin would be 36.13%.

**Q. PLEASE EXPLAIN ORS'S RECOMMENDATIONS RELATED TO RATES AND RATE DESIGN.**

**A.** ORS recommends a monthly rate of \$27.16 for all customers classes (Exhibit AMS-8 page 1 of 2). These proposed rates will generate increased revenue of \$36,308 as reflected

1           on AMS-9. As reflected in Audit Exhibit DFS-7, these rates as proposed by ORS will  
2           produce an operating margin of 14.99% for the Company.

3   **Q.     DOES THIS CONCLUDE YOUR TESTIMONY?**

4   **A.**Yes, it does.



### **ORS BUSINESS OFFICE COMPLIANCE REVIEW: Sewer Company**

**Utility:** Moore Sewer, Inc.  
**Inspector(s):** Anthony Sandonato  
**Office:** 110 Milliken Rd, Spartanburg, SC  
**Utility Type:** Sewer  
**Date:** March 29, 2018  
**Company Representative:** Janet Teichman

#	Compliance Regulation	In Compliance	Out of Compliance	Comments
1	All records and reports available for examination in accordance with R.103-510.	X		
2	Complaint records maintained in accordance with R.103-516.	X		Reviewed the complaint log in office as well as utility's response to complaints.
3	Utility's rates, its rules and regulations, and its up-to-date maps and plans available for public inspection in accordance with R.103-530.	X		
4	Established procedures to assure that every customer making a complaint is made aware that the utility is under the jurisdiction of the South Carolina Public Service Commission and that the customer has the right to register the complaint in accordance with R.103-530.	X		
5	Deposits charged within the limits established by R.103-531.	X		No deposits charged.
6	Timely and accurate bills being rendered to customers in accordance with R.103-532.	X		Customer are Billed in arrears for services received.
7	Bill forms in accordance with R.103-532.	X		
8	Adjustments of bills handled in accordance with R.103-533.	X		
9	Policy for customer denial or discontinuance of service in accordance with R.103-535.	X		
10	Notices sent to customers prior to termination in accordance with Rule R.103-535.	X		
11	Notices filed with the Commission of any violation of PSC or DHEC rules which affect service provided to its customers in accordance with rule R.103-514.C	X		

#	Compliance Regulation	In Compliance	Out of Compliance	Comments
12	Utility has adequate means (telephone, etc.) whereby each customer can contact the water and/or wastewater utility at all hours in case of emergency or unscheduled interruptions or service in accordance with R.103-530.	X		Utility utilizes an answering service.
13	Records maintained of any condition resulting in any interruption of service affecting its entire system or major division, including a statement of time, duration, and cause of such an interruption in accordance with R.103-514.	X		
14	Utility advised the Commission, in accordance with Rule 103-512 of the name, title, address and telephone number of the person who should be contacted in connection with general management duties, customer relations, engineering operations, and emergencies during non-office hours.	X		
15	Utility verified the maps on file with the Commission include all the service area of the company.	X		
16	Number of customers the utility has at present time.			469 Equivalent Residential Connections
17	Utility has a current performance bond on file with the Commission. Amount of bond:	X		\$100,000 Financial Statement
18	Utility maintains a documented Safety Program.	X		
19	Utility maintains a documented Emergency Response plan.	X		
20	Utility maintains a documented Preventative Maintenance plan.	X		
21	Utility submitted a current Annual Report.	X		Commission Order 2018-121 granted the Utility until 9/1/2018 to submit their 2018 report.
22	Utility is in compliance with Gross Receipts reporting and payment regulations.	X		



## ORS WASTEWATER SYSTEM INSPECTION REPORT

### Inspection Overview

**Date Inspected:** March 29, 2018  
**Inspector(s) Name:** Anthony Sandonato  
**Docket Number:** 2016-384-S  
**Utility Name:** Moore Sewer, Inc.  
**Utility Representative:** Janet Teichman  
**Number of Customers:** 469 Residential Connections  
**System Type (collection, force main, lagoon, etc):** Collection, gravity  
**Location of System:** Spartanburg, SC  
**Location of Utility Office:** 110 Milliken Rd  
**Treatment Type:** N/A  
**Permit #:** N/A  
**Last SC DHEC Compliance Rating:** N/A  
**Frequency checked by WWTF Operator:** N/A  
**Drinking Water Provider:** Spartanburg Water System

	System Components Inspected	Compliance			Comments
		Yes	No	N/A	
1	Chlorinator				N/A
2	Other chemicals in use				N/A
3	Aerators present				N/A
4	Plant fenced and locked	X			
5	Warning Signs Visible	X			
6	Fence in good condition	X			
7	Dikes in good condition				N/A
8	Odor non-existent or limited	X			
9	Grass mowed	X			
10	Duckweed/Algae acceptable				N/A
11	Grease build-up acceptable	X			
12	Plant free of debris				N/A
13	Effluent Color acceptable	X			
14	Lift Stations present				N/A
15	Failure Warning System adequate	X			
16	Electric Wiring adequate	X			
17	System free of leaks	X			
18	System free of overflows	X			
19	Access road adequate	X			
20	Ability for service area to expand	X			

**Additional Comments:** Former lagoon on utility system has undergone formal closure through DHEC.



Office of Regulatory Staff

Revenue Impact Analysis

Moore Sewer, Inc.

Docket No. 2016-384-S

EXHIBIT AMS-2

ORS Calculated Revenue at Current Rates

Sewer	Customer Classification	Equivalent Residential Connections (ERC)	Monthly Rate	Test Year Calculated Revenues
	Residential	5628	\$20.88	\$117,513
	Commercial & Industrial	0	\$20.88	\$0
	Sewer Service Total	5628		\$117,513
	Miscellaneous Other Revenue			\$28,132
	Total Operating Revenues			\$145,645

ORS Calculated Revenue at Moore Proposed Rates

Sewer	Customer Classification	Equivalent Residential Connections (ERC)	Monthly Rate	Proposed Rates Calculated Revenues	Increase (\$)	Increase (%)
	Residential	5628	\$45.00	\$253,260	\$135,747	116%
	Commercial & Industrial	0	\$45.00	\$0		
	Sewer Service Total	5628		\$253,260	\$135,747	116%
	Miscellaneous Other Revenue			\$29,061	\$929	3%
	Total Operating Revenues			\$282,321	\$136,676	93.84%

Calculation Methodology:  
 Note: Total ERC Units as reported during test year.  
 Customer Tap Fees, Deposits and Interest on Deposits not included in computations.  
 Growth factor not included for comparison purposes.

**Office of Regulatory Staff****EXHIBIT AMS-3****Miscellaneous Revenue****Moore Sewer, Inc.*****Docket No. 2016-384-S***

<b>Test Year Miscellaneous Revenue Overview at Current Rates</b>			
		<b>Test Year Fee</b>	<b>Test Year Revenues</b>
New Customer Set Up Fee	26	\$10	\$260
New Customer Connection Fee	18	\$0	\$0
Disconnect Notice Fee	174	\$18	\$3,132
Reconnect Fee	19	\$35	\$665
Miscellaneous Revenues - Other <sup>1</sup>			\$24,075
<b>Total</b>			<b>\$28,132</b>

<b>Test Year Miscellaneous Revenue Overview at Proposed Rates</b>			
		<b>Proposed Fee</b>	<b>Proposed Revenues</b>
New Customer Set Up Fee	26	\$20	\$520
New Customer Connection Fee	18	\$35	\$630
Disconnect Notice Fee	174	\$18	\$3,132
Reconnect Fee	19	\$35	\$665
Miscellaneous Revenues - Other <sup>1</sup>			\$24,114
<b>Total</b>			<b>\$29,061</b>

(1) Miscellaneous Revenues - Other includes purchased sewer treatment, late fees and NSF check fees

**Office of Regulatory Staff**  
**Customer Growth Analysis**  
**Moore Sewer, Inc.**  
*Docket No. 2016-384-S*

EXHIBIT AMS-4

<b>Linville Hills</b>	<u>Date</u>	<u># of Residential Connections</u>
	12/31/2015	268
	12/31/2016	281
	Average	275
	Growth Factor	2.1818%

<b>Madera Village</b>	<u>Date</u>	<u># of Residential Connections</u>
	12/31/2015	185
	12/31/2016	188
	Average	187
	Growth Factor	0.5348%

<b>Total Sewer</b>	<u>Date</u>	<u># of Residential Connections</u>
	12/31/2015	453
	12/31/2016	469
	Average	462
	Growth Factor	1.5152%

**Office of Regulatory Staff**  
**Customer Deposit Analysis**  
**Moore Sewer, Inc.**  
*Docket No. 2016-384-S*

EXHIBIT AMS-5

<b><u>Moore Proposed Rate for a New Customer</u></b>				
Monthly Rate		\$45.00		
New Customer Connection Fee		\$35.00		
Notification of Disconnection		\$18.00		
New Customer Set-Up Charge		\$20.00		
		<b>Days</b>	<b>Service Fees</b>	<b>Usage Charges</b>
1	Prospective customer request service	1		
2	Customer service established	1		
3	Customer bill issued after Day 30	31		\$45.00
4	Customer bill due	56	\$0.68	
5	Notification of Disconnection (30-day notice)	57	\$18.00	
6	Customer bill issued after Day 60	61		\$45.00
7	Customer bill due	86	\$1.63	
8	2nd Notice of Disconnection (10-day notice)	88	\$18.00	
9	Customer bill issued after Day 90	91		\$45.00
10	Actual Cut-Off <sup>1</sup>	99		\$12.00
<b>Subtotals</b>			<b>\$38.31</b>	<b>\$147.00</b>
<b>GRAND TOTAL</b>				<b>\$185.31</b>

(1) Additional 8 days of prorated service included in the total

**Office of Regulatory Staff**  
**Performance Bond Requirement**  
**Moore Sewer, Inc.**  
*Docket No. 2016-384-S*

EXHIBIT AMS-6

<b>Total Sewer</b>				
	<b>Bond Value Components</b>	<b>Per Application</b>	<b>After Accounting &amp; Pro Forma</b>	<b>After Proposed Increase</b>
	Operating Expenses	\$156,133	\$129,946	\$131,996
	Utility Regulatory Assessment Fee	\$695	\$1,198	\$2,324
	State & Federal Income Tax	\$0	\$70	\$33,378
	Interest Expense	\$0	\$0	\$0
	<b>Bond Value Requirement</b>	<b>\$156,828</b>	<b>\$131,214</b>	<b>\$167,698</b>
	<b>Current Performance Bond Structure (1)</b>	<b>Bond Value</b>	<b>Expiration Date</b>	
	Personal Financial Statement <sup>1</sup>	\$100,000	4/17/2019	

(1) Personal Financial Statement secures performance bond of \$100,000 for sewer operations

**Office of Regulatory Staff**  
**Revenue Impact of Tax Change**  
**Moore Sewer, Inc.**  
*Docket No. 2016-384-S*

EXHIBIT AMS-7

		<b>Moore Sewer, Inc.</b>	
		<b>Increase of FIT Rate to 21%</b>	
<u>Line No.</u>	<u>Item</u>	<u>Docket 2003-41-S</u>	<u>Reflect 21% Federal</u>
		<u>Order No. 2003-477 15% Federal</u>	<u>Income Tax Rate</u>
		<u>Income Tax Rate</u>	
1	Operating revenues	115,250	115,250
2	Operating expenses	75,853	75,853
3	Taxes other than Income		-
4	Interest expense	2,576	2,576
5	Taxable income (L1 - (Sum (L2 thru L4)))	36,821	36,821
6	State income tax (L5 * 5.0% tax rate)	1,841	1,841
7	Federal income tax ((L5 - L6) * tax rate)	5,247	7,346
8	Net income (L5 - L6 - L7)	29,733	27,634
9	Add back: interest expense (L4)	2,576	2,576
10	Net income for return (L8 + L9)	32,309	30,210
11	Cumulative change in net income for return		(2,099)
12	Retention factor		75.05%
13	Revenue impact of cumulative change		2,797
14	Daily Revenue Impact (L13/365)		7.66
15	Daily * 169 Days <sup>1</sup>		1,295
16	Annual Amortization over 5 years		\$ 259

(1) Commission Order expected July 20, 2018. 169 days from January 1, 2018-June 19,2018

**Office of Regulatory Staff**  
**ORS Proposed Rate Schedule**  
**Moore Sewer, Inc.**  
*Docket No. 2016-384-S*

**Moore Sewer, Inc.**  
**Schedule of proposed rates and charges**

**1. Monthly recurring charge**

- |   |  |
|---|--|
| A. Residential  | \$27.16  |
| B. Commercial   | \$27.16 per Single<br>Family Equivalent<br>(SFE) |
| C. Waste treatment – as billed by Spartanburg Sanitary Sewer District for the Linville Hills<br>Subdivision only. |  |

**2. Nonrecurring charges**

- |  |           |
|--|-----------|
| A. Customer Deposit*   | \$120.00* |
| *Customer Deposit to be set at no more than 3 months of non-payment based on Customer Rates  |           |
| B. New Customer Set-Up Fee   | \$20.00   |
| This one-time fee will be charged to initiate each new account.  |           |
| C. New Customer Connection Fee   | \$35.00   |
| To begin sewer service for a new customer when applicable.   |           |
| D. Notification of Disconnection   | \$18.00   |
| This fee shall be charged to each customer to whom the company mails a notice of discontinuance of service as required by 10 S.C. Code Ann. Regs. 103-535.1 prior to service being discontinued.             |           |
| E. Reconnection Charges  |           |
| In addition to any other charges that may be due, the company may require a customer with a poor payment history to pay a deposit prior to reconnection as set forth in 10 S.C. Code Ann. Regs. 103-531.(d). |           |

A reconnection fee of \$250.00 shall be due prior to the Company reconnecting service which has been disconnected for any reason set forth in 10 S.C. Code Ann. Regs. 103-532.4. Where an elder valve has been previously installed, a reconnection charge of \$35.00 will be due. The amount of the reconnection fee shall be in accordance with 10 S.C. Code Ann. Regs. 103-532.4, and shall be changed to conform with that rule as it may be amended from time to time.

**F. Damage/Tampering Charges**

In the event the Company's equipment, facilities, or parts have been damaged or tampered with, the company may charge the customer residing at the damaged premises the actual cost of repairing the company's equipment or facilities, or replacing the damaged part or parts, not

**Office of Regulatory Staff**  
**ORS Proposed Rate Schedule**  
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*Docket No. 2016-384-S*

**Moore Sewer, Inc.**  
**Schedule of proposed rates and charges**

to exceed \$250.00. The damage/tampering fee shall be paid in full prior to the Company re-establishing service or continuing the provision of sewer service. Any additional costs incurred due to the damage/tampering by a customer may be pursued through other legal mechanisms at the company's discretion.

**G. Late Penalty Charge**

The Company may charge a late-payment penalty up to the maximum amount allowed by 10 S.C. Code Ann. Regs. 103-532.2.

**H. Non-sufficient funds (NSF) check charge**

The company may charge a NSF check charge up to the maximum amount allowed by applicable South Carolina Statute.

**I. Tap Fee**

- |   |                    |
|---|--------------------|
| a. Tap Fee where a Road Cut is required | \$3,500.00 per SFE |
| b. Tap Fee (no Road Cut)                | \$1,500.00 per SFE |

**3. Billing cycle**

Customers are billed in arrears for service provided. New Customer Connection Fee, New Customer Set Up Fee and Customer Deposit are due and payable in advance of service being provided.



**Office of Regulatory Staff**  
**Revenue at ORS Proposed Rates**  
**Moore Sewer, Inc.**  
*Docket No. 2016-384-S*

EXHIBIT AMS-9

**ORS Calculated Revenue at ORS Proposed Rates**

Customer Classification	Equivalent Residential Connections (ERC)	Monthly Rate	Revenue at Proposed Rate
Residential	5628	\$27.16	\$152,856
Commercial & Industrial	0	\$27.16	\$0
<b>Total Sewer Service Revenue</b>			<b>\$152,856</b>
New Customer Set Up Fee	26	\$20.00	\$520
New Customer Connection Fee	18	\$35.00	\$630
Disconnect notice	174	\$18.00	\$3,132
Reconnect Fee	19	\$35.00	\$665
Miscellaneous Revenues - Other <sup>1</sup>			\$24,150
<b>Total Miscellaneous Revenues</b>			<b>\$29,097</b>
<b>Total Moore Sewer Operating Revenues</b>			<b>\$181,953</b>

<b>Total Proposed Operating Revenues</b>	<b>\$181,953</b>
<b>Les: ORS Pro-Forma Operating Revenues</b>	<b>\$145,645</b>
<b>Total Proposed Increase</b>	<b>\$36,308</b>
<b>Percent Increase</b>	<b>24.93%</b>

(1) Miscellaneous Revenues - Other includes purchased sewer treatment, late fees and NSF check fees